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CITY COURT OF BASTROP

Bastrop, Louisiana

Report On the Audit
of the
Annual Financial Statements
As Of And For The Year Ended
June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/20/08

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone 318/323-4656 • FAX 318/388-0724

CITY COURT OF BASTROP

Bastrop, Louisiana

Report On The Audit
Of The
Annual Financial Statements
As Of And For The Year Ended
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Jimmie Self, CPA
A Professional Accounting Corporation
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Monroe, Louisiana 71201
Phone 318/323-4656 • FAX 318/388-0724

CITY COURT OF BASTROP
Bastrop, Louisiana

Basic Financial Statements
With Supplementary Information Schedules
For the Year Ended June 30, 2007

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Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone 318-323-4656 Fax 318-388-0724

Independent Auditor's Report

City Court of Bastrop
Bastrop, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Bastrop, Louisiana, (a component unit of the City of Bastrop, Louisiana) as of and for the year ended June 30, 2007, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City Court of Bastrop's management. My responsibility is to express opinions on these financial statements, based on my audit.

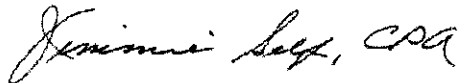
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position, of the governmental activities and each major fund of the City Court of Bastrop, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 04, 2007, on my consideration of the City Court of Bastrop's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis pages 4 through 7 are not a part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the supplementary information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Bastrop's basic financial statements. The other supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I express no opinion on them.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, Louisiana
December 04, 2007

Required Supplementary Information
(Part I)

Management Discussion and Analysis

CITY COURT OF BASTROP
Bastrop, Louisiana
MANAGEMENT DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2007

Our Management Discussion and Analysis (MD&A) of the City Court of Bastrop's financial performance provides an overview of the court's financial activities for the fiscal year ended June 30, 2007. The MD&A is a format for reporting the information required by the Governmental Accounting Standards Board Statement Number 34 (known as GASB 34) which is now required for reporting the financial activities of all state and local governmental units.

The MD&A is being presented to provide the reader with an overview of the financial operations of the City Court of Bastrop during the current fiscal year. It is only a part of the financial report as presented in the annual financial audit for the year ending June 30, 2006 and should be read and considered with the financial statements, notes to the financial statements, and the audit report as a whole.

FINANCIAL HIGHLIGHTS

The City Court's net assets for the prior year ended June 30, 2006 were \$259,756 as compared to the net assets for the current year ended June 30, 2007 which are \$186,458.

The City Court's total program revenues for the prior year ended June 30, 2006 were \$604,288. The Court's total program revenues for the current year ended June 30, 2007 are \$558,275.

Total expensed expenditures/expenses for the prior year ended June 30, 2006 were \$614,668. Total expensed expenditures/expenses for the current year ending June 30, 2007 are \$620,581.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the City Court of Bastrop as a whole. The Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets show the activity in which the court acts only as an agent or trustee for the benefit of agencies outside the court; henceforth the name Agency Funds is applied to these reports. Notes to the Financial Statements serve as a form of explanation to the financial statements in the report.

As the governing authority for the city, for reporting purposes, the City of Bastrop, Louisiana is the reporting entity for the city. The City Court of Bastrop is determined to be a component unit of the City of Bastrop as it depends on the city for certain financial support and the provision of office space, courtroom facilities, and related utilities, as well as a portion of salaries and related employee benefit costs.

CITY COURT OF BASTROP
Bastrop, Louisiana
MANAGEMENT DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2007

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the City Court as a whole begins with the Statement of Net Assets and the Statement of Activities. These two reports provide information about the funds maintained by the City Court as a whole and about its activities in a way that helps to answer one of the most important questions asked about the City Court's finances, "Is the City Court, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash was received or paid.

These two statements report the City Court's net assets and changes in those assets. The net assets, the difference between the assets and the liabilities, is one way to measure the City Court's financial position or financial health and over time, increases or decreases in the net assets are one indicator if whether its financial health is improving or deteriorating.

We record the funds maintained by the City Court as governmental activities in the Statement of Net Assets and the Statement of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, fees paid, benefits, office expenses, contract services, memberships, and educational conferences. Fines and fees, and contributions from the City of Bastrop, finance most of the activities of the City Court.

All of the City Court's expenses are reported in the governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method, which measures cash and all other assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City Court general operations and the expenses paid from these funds. The information in the governmental funds helps determine if there are more or less financial resources to finance future City Court expenses.

THE CITY COURT AS A TRUSTEE

The City Court acts as a trustee for agency funds for its civil division, collection of restitution funds, and criminal division. Since these funds are simply held for other parties and cannot be used for any of the court activities, they are not included in the government-wide statements but are separately reported in the statements of the fiduciary funds as agency funds.

CITY COURT OF BASTROP
Bastrop, Louisiana
MANAGEMENT DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The City Court's total net assets for the prior year ended June 30, 2006 were \$259,756. The Court's total net assets for the current year ended June 30, 2007 are \$186,298.

The following tables provide a simplified accounting of Total Net Assets of the City Court of Bastrop and Changes in Net Assets, comparing the prior year ended June 30, 2006 with the current year ended June 30, 2007.

| TABLE I – TOTAL NET ASSETS | 2006 | 2007 |
|---------------------------------------|-------------------|-------------------|
| Current Assets | \$ 227,939 | \$ 165,634 |
| Capital Assets | 31,817 | 20,824 |
| Total Assets | <u>\$ 259,756</u> | <u>\$ 186,458</u> |
| Current Liabilities | - | - |
| Net Assets: | | |
| Invested in Capital Assets (See Note) | \$ 31,817 | \$ 20,824 |
| Unrestricted | 227,939 | 165,634 |
| Total Net Assets | <u>\$ 259,756</u> | <u>\$ 186,458</u> |

| TABLE 2 – CHANGE IN NET ASSETS | 2006 | 2007 |
|--|-------------------|-------------------|
| Revenues: | | |
| Court Cost Fees | \$ 97,004 | \$ 85,607 |
| Other | 508,844 | 472,668 |
| Total Revenues | <u>\$ 605,848</u> | <u>\$ 558,275</u> |
| Expenditures | | |
| Personal Services and Related Benefits | \$ 37,296 | \$ 43,663 |
| Operating Services | 578,932 | 576,918 |
| Total Expenditures | <u>\$ 616,228</u> | <u>\$ 620,581</u> |
| Excess of Revenues over Expenditures | (10,380) | (62,306) |
| Fund Balance Beginning of Year | 238,320 | 227,940 |
| Fund Balance End of Year | <u>\$ 227,940</u> | <u>\$ 165,634</u> |

CITY COURT OF BASTROP
Bastrop, Louisiana
MANAGEMENT DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2007

CAPITAL ASSETS

Purchases made during the prior year ended June 30, 2006 that were expressed in the financial reports as Capital Outlay (additions to capital assets) were in the amount of \$7,796. Capital Outlay (additions to capital assets) during the current year ending June 30, 2007 was \$0.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial Management Discussion and Analysis is designed to provide our citizens and taxpayers with a general overview of the funds maintained by the City Court and to show the Court's accountability for the money it receives. If you have any questions or need additional financial information, contact City Court of Bastrop, Beth Freeman, Clerk of Court, P. O. Drawer 391, Bastrop, Louisiana 71221.

Basic Financial Statements

CITY COURT OF BASTROP
Bastrop, Louisiana
Governmental Funds Balance Sheet/Statement of Net Assets
For the Year ended June 30, 2007

Statement A

| | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> | <u>Adjustments Note 6</u> | <u>Statement of Net Assets</u> |
|---|-------------------------|------------------------|-------------------|-------------------------------|------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 57,840 | \$ 107,794 | \$ 165,634 | \$ - | \$ 165,634 |
| Capital assets, net of accumulated depreciation (Note 6) | 150,315 | - | 150,315 | (129,491) | 20,824 |
| Total Assets | <u>\$ 208,155</u> | <u>\$ 107,794</u> | <u>\$ 315,949</u> | <u>\$ (129,491)</u> | <u>186,458</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES/NET ASSETS | | | | | |
| Fund balances: | | | | | |
| General Fund | \$ 57,840 | \$ - | \$ 57,840 | \$ - | \$ 57,840 |
| Other Funds | - | 107,794 | 107,794 | - | 107,794 |
| Total Fund Balances | <u>57,840</u> | <u>107,794</u> | <u>165,634</u> | <u>-</u> | <u>165,634</u> |
| Total Liabilities and Fund Balances | <u>57,840</u> | <u>107,794</u> | <u>165,634</u> | <u>-</u> | <u>165,634</u> |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Deprec. | 150,315 | - | 150,315 | (129,491) | 20,824 |
| Total Net Assets | <u>\$ 208,155</u> | <u>\$ 107,794</u> | <u>\$ 315,949</u> | <u>\$ (129,491)</u> | <u>\$ 186,458</u> |

The accompanying notes are an integral part of this statement.

CITY COURT OF BASTROP
Bastrop, Louisiana

Statement B

**Statement of Governmental Fund Revenues,
Expenditures, and Changes in Fund Balances/
Statement of Activities
For the Year Ended June 30, 2007**

| | General Fund | Other Funds | Total | Adjustments Note 6 | Statement of Activities |
|--|-----------------|----------------|------------|-----------------------|----------------------------|
| EXPENDITURES/EXPENSES | | | | | |
| Judiciary: | | | | | |
| Personal services | \$ 38,590 | \$ - | \$ 38,590 | \$ - | \$ 38,590 |
| Travel and professional development | 5,073 | - | 5,073 | - | 5,073 |
| Operating services | 21,416 | 526,849 | 548,265 | - | 548,265 |
| Supplies, Printing & Postage | 22,412 | - | 22,412 | - | 22,412 |
| Depreciation | - | - | - | (7,771) | (7,771) |
| Other | 12,403 | - | 12,403 | - | 12,403 |
| Total Expenditures/Expenses | 99,894 | 526,849 | 626,743 | (7,771) | 618,972 |
| General Revenues | | | | | |
| Court Costs and Fees | 85,607 | 477,511 | 563,118 | - | 563,118 |
| Other | 1,319 | - | 1,319 | - | 1,319 |
| Total Revenues | 86,926 | 477,511 | 564,437 | | 564,437 |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | | | | | |
| | (12,968) | (49,338) | (62,306) | (7,771) | (54,535) |
| FUND BALANCE/NET ASSETS: | | | | | |
| Beginning of the Year, as originally stated | 70,808 | 157,132 | 227,940 | - | 227,940 |
| Prior year adjustment (Note 11) | - | - | - | 13,053 | 13,053 |
| End of Year | \$ 57,840 | \$ 107,794 | \$ 165,634 | \$ 20,824 | \$ 186,458 |

The accompanying notes are an integral part of this statement.

Fund Financial Statements

CITY COURT OF BASTROP
Bastrop, Louisiana
Statement of Fiduciary Net Asset
June 30, 2007

Statement C

| AGENCY FUNDS | | | | |
|---------------------------|------------------------------------|---------------------------------|-------------------------------|---|
| | Criminal Court Fund | Civil Court Fund | Cash Bond Fund | Bastrop City Court Registry Totals |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 56,697 | \$ 33,113 | \$ 15,907 | \$ 2,077 |
| Total Assets | <u>56,697</u> | <u>33,113</u> | <u>15,907</u> | <u>2,077</u> |
| | | | | |
| LIABILITIES | | | | |
| Liabilities: | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | |
| NET ASSETS | <u>\$ 56,697</u> | <u>\$ 33,113</u> | <u>\$ 15,907</u> | <u>\$ 2,077</u> |

The accompanying notes are an integral part of this statement.

CITY COURT OF BASTROP
Bastrop, Louisiana
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2007

Statement D

| | AGENCY FUNDS | | | | |
|---------------------------------------|------------------------------------|---------------------------------|-------------------------------|--|--------------|
| | Criminal Court Fund | Civil Court Fund | Cash Bond Fund | Bastrop City Court Registry | Total |
| ADDITIONS | | | | | |
| Funds, Forfeiture, and Criminal Costs | \$ 335,439 | \$ - | \$ - | \$ - | \$ 335,439 |
| Civil Fees | - | 127,872 | 14,200 | - | 142,072 |
| Total Additions | \$ 335,439 | \$ 127,872 | \$ 14,200 | \$ - | \$ 477,511 |
| DEDUCTIONS | | | | | |
| Ad Hoc | \$ - | \$ 3,400 | \$ - | \$ - | \$ 3,400 |
| AF | - | 270 | - | - | 270 |
| Audit | - | 3,309 | - | - | 3,309 |
| Bond Forfeitures | - | - | - | - | - |
| Breath Test | 875 | - | - | - | 875 |
| CBR | - | - | 12,050 | - | 12,050 |
| CMIS | 3,218 | - | - | - | 3,218 |
| Conference | - | 5,275 | - | - | 5,275 |
| Court Costs | 85,608 | - | - | - | 85,608 |
| Crime Lab | 16,098 | - | - | - | 16,098 |
| CrimeRec | 670 | - | - | - | 670 |
| Crimestoppers | 1,917 | - | - | - | 1,917 |
| Curator Fees | - | 525 | - | - | 525 |
| Fines | 126,403 | - | - | - | 126,403 |
| HSIF | 2,100 | - | - | - | 2,100 |
| IDB | 49,138 | - | - | - | 49,138 |
| IRS | - | - | - | - | - |
| Judge Fees | - | 49,677 | - | - | 49,677 |
| Laser | - | - | - | - | - |
| LLE1 | 2,182 | - | - | - | 2,182 |
| LLE 2 | 3,147 | - | - | - | 3,147 |
| Marshall | 33,439 | 17,708 | - | - | 51,147 |
| Office Supplies | - | 10,265 | - | - | 10,265 |
| Police Witness | 3,200 | - | - | - | 3,200 |
| Refunds | 488 | 26,495 | - | - | 26,983 |
| Regst | - | 950 | - | - | 950 |
| Salary | - | 49,500 | - | - | - |
| SCF | - | 14,318 | - | - | 14,318 |
| SF | - | 4,304 | - | - | 4,304 |
| Reserve Account | - | - | - | - | - |
| Returned Checks | 201 | - | - | - | 201 |
| Witness | - | 120 | - | - | 120 |
| Total Deductions | 328,682 | 186,116 | 12,050 | - | 526,849 |
| CHANGE IN NET ASSETS | 6,757 | (58,244) | 2,150 | - | (49,338) |
| Net Assets - Beginning | 49,940 | 91,357 | 13,757 | 2,077 | 157,132 |
| Net Assets - Ending | \$ 56,697 | \$ 33,113 | \$ 15,907 | \$ 2,077 | \$ 107,794 |

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

CITY COURT OF BASTROP
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2007

INTRODUCTION

As provided for by Chapter Seven of Title Thirteen of the Louisiana Revised Statutes, the City Court of Bastrop has limited jurisdiction in civil and criminal matters in the City of Bastrop, Louisiana including Wards 3 and 4 of Morehouse Parish.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the City Court of Bastrop have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

As the governing authority of the city, for reporting purposes, the City of Bastrop is the financial reporting entity for the court. The financial reporting entity consists of (a) the primary government (city), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the City of Bastrop for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the city to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the city.

CITY COURT OF BASTROP
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2007

2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the city provides the Court's building, its furnishings, and pays most of its operating expenditures, the Court was determined to be a component unit of the City of Bastrop, the financial reporting entity.

The financial statements of the Bastrop City Court are prepared in accordance with generally accepted accounting principles (GAAP). The Court applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accompanying basic financial statements maintained by the Court present information only on the funds maintained by the Court, and do not present information on the city, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the City Court of Bastrop. The following are the Court's governmental funds:

General Fund - the primary operating fund of the Court and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Court policy.

CITY COURT OF BASTROP
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2007

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Court are agency funds. The agency funds account for assets held by the Court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Court operations.

The amounts reflected in the General Fund and Other Funds, of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Judge's costs and other court costs are recorded in the year they are earned.

Proceeds from sales and seizures are recognized when costs related to a sale or seizure of property is incurred.

Substantially all other additions are recognized when received by the Court.

Based on the above criteria, judge's costs, other court costs and proceeds from sales and seizures are treated as susceptible to accrual.

Expenditures

CITY COURT OF BASTROP
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2007

Reductions are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from court users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

Budget Practices

No budget is prepared and adopted, since this is a very small entity.

Fund Equity

No funds are reserved

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2007, the Court has cash (book balances) totaling \$165,634.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit

CITY COURT OF BASTROP
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2007

with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (book balances) at June 30, 2007, are secured as follows:

| | |
|-------------------------------------|-------------------|
| Bank Balances | \$ 165,634 |
| Federal Deposit Insurance (3 Banks) | 300,000 |
| Pledged Securities-Book value | <u>180,198</u> |
| Pledged Securities-Market Value | <u>\$ 180,198</u> |

The Court's bank accounts are adequately secured.

F. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CHANGES IN AGENCY FUNDS - DEPOSITS DUE OTHERS

A summary of the changes in agency funds' deposits due others for the year ended June 30, 2007, is as follows:

| | |
|-----------------------|-------------------|
| Balance July 1, 2006 | \$ 157,132 |
| Additions | 477,511 |
| Deletions | <u>-526,849</u> |
| Balance June 30, 2007 | <u>\$ 107,794</u> |

NOTE 3. EXPENDITURES OF THE CITY COURT OF BASTROP

The City Court of Bastrop is located in the City Court offices that are maintained and operated by the City of Bastrop. Most operating expenditures incurred by the City Court, excluding salaries, are paid by the City Court of Bastrop. Those operating expenditures incurred by the City of Bastrop on behalf of the Court are not included in the accompanying component unit financial statements.

NOTE 4. ENCUMBRANCE ACCOUNTING

Encumbrance accounting is not used.

CITY COURT OF BASTROP
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2007

NOTE 5. CAPITAL ASSETS

All items of property, plant and equipment used by the City Court of Bastrop are reported in the government-wide financial statements at historical cost in the capital assets account group. Additions, improvements, or other capital outlays that significantly extend the useful lives of an asset are capitalized and added to the capital assets account group. Costs incurred for routine repairs and maintenance are expensed as incurred. Many of the computers which have been purchased in the past years are now obsolete. They are still included in the capital assets accounts. Depreciation on all capital assets is provided on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------------------|---------------|
| Office furniture and equipment | 5 to 10 years |
|--------------------------------|---------------|

The offices and court facilities occupied and utilized by the City Court are the property of the City of Bastrop and are not carried on the books of the City Court of Bastrop.

NOTE 6. CHANGES IN CAPITAL ASSETS

A summary of changes in general fixed assets is as follows:

| Capital Assets | Balance July 1, 2006 | Additions | Deductions | Balance June 30, 2007 |
|--------------------------|---------------------------------|------------------|-------------------|--------------------------------------|
| Equipment | \$ 150,315 | 0 | - | \$ 150,315 |
| Accumulated Depreciation | *(3,223) | (3,223) | | (3,223) |
| | (118,497) | (7,771) | | (126,268) |
| Total | <u>31,817</u> | <u>(7,771)</u> | <u>-</u> | <u>\$ 20,824</u> |

Prior Period Adjustment * (\$3,223) to correct prior period depreciation expense.(See Note 11)

The total adjustment of Accumulated Depreciation was charged to the General Fund – Administration.

CITY COURT OF BASTROP
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2007

NOTE 7. RESERVE FOR JUDGE

Ouachita Independent Bank has balances at June 30, 2007 as demonstrated below:

| Civil Reserve Account | Initial Investment | Withdrawn | Investment Value 6/30/2006 | Current Value 6/30/2007 |
|--------------------------------------|-------------------------------|------------------|---|--|
| CD | \$ - | \$ - | \$ - | \$ - |
| Money Market | 25,000 | - | 27,064 | 28,306 |
| OIB | 22,026 | - | 22,728 | 21,043 |
| Total | <u>\$ 47,026</u> | <u>\$ -</u> | <u>\$ 48,901</u> | <u>\$ 49,349</u> |

NOTE 8. COMPENSATED ABSENCES

Both vacation and sick leave are expensed when they occur. They are not carried forward.

NOTE 9. POST EMPLOYMENT BENEFITS

The City of Bastrop is responsible for all post-employment benefits.

NOTE 10. RISK MANAGEMENT

The City of Bastrop also provides all insurance for the Court, except for a surety bond for employees, which the Court provides.

NOTE 11. PRIOR PERIOD ADJUSTMENT

The year ending June 30, 2006 showed depreciation of 1,560; it should have been 4,783, an increase of 3,223. This resulted in an overstatement of fixed assets and an understatement of total change in net assets. Also, the prior period beginning balance omitted the depreciation of \$13,053 which should have been added to the ending balance at June 30, 2006.

NOTE 12. SUBSEQUENT EVENTS

None noted.

Supplementary Information

JIMMIE SELF, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS.

City Court of Bastrop
Bastrop, Louisiana

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City Court of Bastrop, Louisiana (a component unit of the City of Bastrop, Louisiana) as of and for the year ended June 30, 2007, which collectively comprise the City Court of Bastrop, Louisiana's basic financial statements and have issued my report thereon dated December 04, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered City Court of Bastrop, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Bastrop's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City Court of Bastrop's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or its employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City Court of Bastrop's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City Court of Bastrop's financial statements that is more than inconsequential will not be prevented or detected by the City Court of Bastrop's internal control.

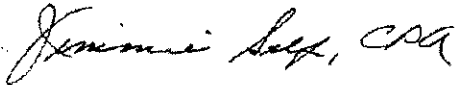
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City Court of Bastrop's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Court of Bastrop's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other such matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of City Court of Bastrop, others within the City Court of Bastrop, and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Jimmie Self, CPA
Monroe, Louisiana
December 04, 2007

JIMMIE SELF, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 • Fax (318) 388-0724

Current Year Audit Findings and Responses
For the Year Ended June 30, 2007

There are no current year findings for the year ended June 30, 2007.

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

There were no prior year findings for the year ended June 30, 2006.